



Staff Report

File #: 22-0098

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**REQUEST FOR CITY COUNCIL ACTION**

DATE: 02/02/2022

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:  
Fiscal Year 2022 Quarter 2 Budgetary Adjustments.

**EXECUTIVE SUMMARY:**

The City Council will consider budgetary adjustments for Fiscal Year 2022 based on the Quarter 2 results and staff recommendations for funding level changes. On a quarterly basis, staff presents an update to the City Council on the current fiscal year revenue and expenditures. As part of the process, departments review the operating and capital improvement project funding levels and provide recommendations for budgetary adjustments.

**RECOMMENDED ACTION:**

**That the:**

- a. City Council approve the following General Fund budgetary adjustments:
  - i. Appropriate \$47,585 to the Economic Development operating budget and authorize one (1) full-time Management Analyst II position, one (1) full-time Economic Development Assistant position, and eliminate one (1) part-time Economic Development Assistant position.
  - ii. Authorize four (4) full-time Associate Engineer positions and one (1) full-time Assistant Engineer position in the Planning and Development Department and authorize transfers from the operating budget to the salaries and benefits budget, up to \$151,520, based on actual FY 2022 expenditures.
  - iii. Appropriate \$25,000 to the Planning and Development operating budget and increase revenue estimates by the same amount for a Code Compliance receivership issue.
  - iv. Authorize one (1) full-time Senior Personnel and Training Technician position and eliminate two (2) part-time Senior Personnel and Training Technician positions in the Police Department.

- v. Appropriate \$32,450 to the Community Services' building maintenance division for library repairs, animal control wrought iron gate repairs, and Fire Station 4 water damage repairs.
  - vi. Appropriate \$34,965 to the Community Services' library operating division for expansion of security guard services and a patrol check-in system.
  - vii. Appropriate \$158,200 to the Community Services' Park Maintenance budget, from the Measure X Parks & Recreation Reserve, for the Village Park backstop, Santana Park skate park sandblasting, homeless encampment clean-up services, and power washing equipment.
- b. City Council appropriate \$29,450 from the Rideshare-Trip Reduction Fund 224 to the Community Services' operating budget to correct a line-item oversight in the Fiscal Year 2022 budget.
- c. City Council approve budget adjustments for the following maintenance community facilities districts (CFD) which were added to the tax roll after the Fiscal Year 2022 budget process was completed.
- i. CFD 2016-3 Zone 12 Lemon Grove, Fund 235: Increase operating budget by \$921 and increase revenue estimates by \$1,910.
  - ii. CFD 2018-1 Special Tax B - Improvement Area 5, Fund 236: Increase operating budget by \$5,000.
  - iii. CFD 2016-3 Zone 17 Corona Med Ctr, Fund 263: Increase operating budget by \$2,378 and increase revenue estimates by \$17,532.
  - iv. CFD 2016-3 Zone 20 Bedford Market Place, Fund 266: Increase operating budget by \$1,422 and increase revenue estimates by \$11,854.
  - v. CFD 2016-3 Zone 21 Christopher RN, Fund 267: Increase operating budget by \$959 and increase revenue estimates by \$4,690.
  - vi. CFD 2016-3 Zone 22 N Main Retail, Fund 268: Increase operating budget by \$972 and increase revenue estimates by \$5,695.
- d. City Council appropriate \$35,890 from the Residential Refuse/Recycling Fund 260 to the Waste and Recycling operating budget and authorize one (1) full-time Recycling and Program Analyst position to implement Senate Bill 1383.
- e. City Council accept grant funding from the State of California Permanent Local Housing Allocation, appropriate \$904,613 to the Homeless Program, and increase revenue estimates by the same amount in the Permanent Local Housing Allocation Grant Fund 410.
- f. City Council accept grant funding from the California State Library for the Zip Books grant, appropriate \$17,000 to the Community Services' operating budget, and increase revenue estimates by the same amount in the Library-Other Grants Fund 415.
- g. City Council approve the following transfers totaling \$428,000 from the Information Technology Department operating budget to capital improvement projects (CIP) in the Information Technology Fund 681: \$308,000 to a new CIP titled CIS Update; \$80,000 to a

new CIP titled City Hall Datacenter Hardware; and \$40,000 to a new CIP titled Cisco Wireless Controller.

- h. City Council approve the following appropriations totaling \$5,593,916.42 for debt service payments for the pension obligation bonds (POBs) in Fiscal Year 2022: \$4,588,677.21 from the General Fund Budget Balancing Measures Reserve; \$718,858.65 from Utilities funds; and \$286,380.56 from other funds as noted in the Analysis and Financial Impact sections; and authorize the Finance Director to make budgetary transfers from the salaries-benefits budget to the operating budget for the POB debt service payment, based on the auditor's recommendation.
- i. City Council appropriate \$3,785,000 from the Water Reclamation Utility Fund 572 to the Water Reclamation Facility 2 (WRF 2) Motor Control Centers (MCC) Installation Sunkist and Aeration CIP Project no. 7704.
- j. City Council approve an appropriation of \$250,000 from the Water Reclamation Utility Fund 572 to the Water Reclamation operating budget and authorize a change order in the amount of \$250,000 to Aqua Ben Corporation for the purchase of polymer chemicals used in the wastewater treatment process.
- k. City Council authorize change orders in the amount of \$100,000 each to C Wells Pipeline Materials, Ferguson Waterworks, and Inland Water Works Supply Co. for the purchase of sewer and pipeline materials, supplies, and equipment.
- l. Corona Utility Authority (CUA) and Corona Housing Authority (CHA) review, ratify, and to the extent necessary, direct that the City Council take the above actions.

**BACKGROUND & HISTORY:**

On a quarterly basis, the Finance Department provides a budget update to the City Council. As part of the quarterly process, departments provide operating and CIP adjustments that need to be addressed in the fiscal year. The Finance Department prepares a consolidated request for the City Council's consideration.

**ANALYSIS:**

Item a - General Fund budgetary adjustments

- i. The Office of Economic Development is requesting to convert its current Economic Development Assistant position from part-time to full-time and adding a full-time Management Analyst. The addition of 1.5 positions will result in a total of six staff to support the City's business attraction, expansion, and redevelopment initiatives and will allow the Department to effectively implement upcoming strategic plans and efforts including the Downtown Revitalization Plan, Economic Development Strategy, Live Work Corona, and Shop|Dine Corona. The new staffing levels also will allow the City's economic development departmental structure to be more comparable to neighboring communities similar to Corona in population size and business count.

Specifically, the new Management Analyst will be responsible for data analytics for business attraction and expansion of growing industry sectors in Corona and keeping abreast and preparing reports on labor market and workforce trends impacting the local and regional economy. The Analyst also will update the Downtown Revitalization Plan project website; prepare marketing materials, site selection reports and dashboards to support private investment and business locations and expansions; and support the Department Director with coordinating with Corona employers on up-to-date hiring metrics for Live Work Corona.

Converting the Economic Development Assistant to a full-time position will enable the Department staff to have additional administrative support to implement its day-to-day operations including support with contract and budget management and scheduling meetings with businesses and resource partner agencies. The Economic Development Assistant also will support Department staff with website and social media content creation, coordinating Spanish business webinars, and content creation for the bimonthly Spanish business newsletter designed to build entrepreneurial capacity among Corona's Latino business community and aspiring entrepreneurs.

The conversion of the part-time Economic Development Assistant to a full-time position through the end of Fiscal Year 2022 would have a pro-rated cost of \$16,883. The addition of a Management Analyst II position will have a pro-rated cost of \$30,702 through the end of Fiscal Year 2022. The net recurring budgetary impact of the position changes is approximately \$167,830.

- ii. The Planning and Development Department is requesting to add four (4) full-time Associate Engineers and one (1) Assistant Engineer positions. The Development Services division within the Planning and Development Department is currently augmenting city staff with consulting services to provide civil engineering plan check services. The department has been using consulting services for almost 10 years in lieu of providing full time city staff. Over the years, this has resulted in a high turn-over of individuals doing plan reviews, which at times, has resulted in inconsistent plan review comments and lack of quality control due to the shortage of full-time city staff.

The Development Services Division was recently added to the Planning and Development Department and its operations are being assessed so that consistent and quality service can be provided to customers. The current staffing was also discussed at the Permitting Ad-Hoc Committee on November 30, 2021. The Ad-Hoc Committee has been discussing current operations and the resources that are necessary to improve the division's response to service requests and supported adding full time Associate and Assistant Engineers to the division that would replace the third-party consultants currently doing the work. Using full time city staff will provide consistency in operations and quality control in plan reviews. Budgetary transfers will be processed from the operating budget (contractual services) to the personnel budget as positions are filled, based on actual FY 2022 expenditures. The estimated transfer for FY 2022 is up to \$151,520, depending on how quickly the positions are filled. The recurring cost of the five new positions is \$606,080. Once the positions have been filled, the contractual services budget will be reduced to fully offset the cost of the new positions. As a result, there

is no additional cost to the City for this action.

- iii. The Planning and Development Department is requesting an appropriation of \$25,000 to the Code Compliance Division. The Code Compliance division is responsible for ensuring property maintenance in the City and enforces the clean-up of properties that have gone into disrepair and are declared a public nuisance. Properties that have been declared a public nuisance affect the safety, health, and welfare of the public. Code Compliance is in the process of a receivership of a single family home that has been declared a public nuisance. This is a somewhat complicated legal process that will require a court order to appoint a receiver to temporarily take control of the property, obtain financing, and remediate the public nuisance. Although the City must front the legal fees and costs for the receivership, the City should be fully reimbursed after remediation through a settlement or another court order.
- iv. The Police Department is requesting a full-time Senior Personnel and Training Technician. This position is responsible for processing backgrounds on prospective employment candidates. The Police Department currently has over 20 open full-time positions and another 17 unfilled part-time positions that require extensive backgrounds investigations. Currently, the Department has two part-time Senior Personnel and Training Technician positions budgeted, with one of these positions presently vacant. This request eliminates the two part-time positions and creates one full-time position. The current Senior Personnel and Training Technician could double the number of background investigations processed in a full-time capacity.

Many of these open positions are critical to the community and officer safety, and the expeditious hiring of capable personnel is essential. Changing this to a full-time position will ease the workload for other personnel in the division, allowing the facilitation of projects and programs that have been neglected due to staffing shortages and an increased workload. This position will also allow the Personnel and Training Sergeant to focus on supervision of critical aspects of hiring and training, as the Sergeant is currently tasked with conducting backgrounds to expedite the hiring process. A full-time position will allow the individual additional time to thoroughly investigate and author the necessary hiring documents and critically evaluate the quality of candidates.

The conversion of the two part-time positions to one full-time position through the end of Fiscal Year 2022 would have a pro-rated cost of \$12,625. There will be no additional cost to the City in Fiscal Year 2022 as salary savings in the department budget will be utilized to fund this position. The conversion of the two part-time positions to one full-time will increase annual recurring budget costs by approximately \$30,300.

- v. The Community Services Department is requesting an appropriation of \$32,450 to the building maintenance function. Unexpected repairs due to damage is prompting the need for additional funding in the FY 2022 budget. A total of \$18,250 is need for library repairs. The repairs and related activities include installation of strike plates at all exterior doors, replacement of light fixtures on exterior of Library, replacement of two broken windows, and replacement of a broken door. A total of \$8,000 is needed to replace the damaged wrought

iron gate at the Animal Shelter. A total of \$6,200 is needed for Fire Station #4 to repair items due to water damage. The repairs include demolition of drywall and carpet, and repair of walls.

- vi. The Community Services Department is requesting an appropriation of \$34,965 to the library operating budget. Due to recent vandalism and an increase in transient activity around the perimeter of the library, security guard hours have been increased so they are present before staff arrive and until the last staff person leaves for the day. The security guards do an hourly sweep to ensure the library is a safe place for patrons and staff. The additional funding covers the cost of the expanded hours and the patrol check-in system.
- vii. The Community Services Department is requesting an appropriation of \$158,200 to the park maintenance budget from the Measure X Parks and Recreation Reserve. The additional funding request is due to unanticipated expenditures in FY 2022 related to the community clean-up events, homeless encampment clean-ups, improvements due to years of deferred maintenance, and the need to power washing equipment to maintain parks, picnic shelter, and City facilities. The Village Park backstop project is \$36,700 to remove and install a new backstop away from resident homes. Sandblasting at the Santana Park Skate Park is \$24,500 to remove years of graffiti cover-up paint in preparation for the community skate park clean-up event. Additional costs totaling \$65,000 are needed for homeless encampment clean-up efforts to remove multiple large encampments in the Santa Ana Riverbed and consulting service to perform biological monitoring during the clean-up. Finally, power washing equipment totals \$32,000. The power washing total includes \$22,000 for the purchase of new equipment, with a 16-22 week lead time for delivery, and \$10,000 for rental of equipment as the current unit is beyond repair.

Item b - appropriate \$29,450, in the Rideshare-Trip Reduction Fund 224

The Rideshare-Trip Reduction Fund was formed in 1993 to account for allocations made by AB2766 known as the Clean Air Act. This fund provides means and incentives for programs to reduce traffic and air pollution and offsets the cost of the Corona Cruiser multi-day passes to incentivize usage of public/mass transit. The cost of multi-day passes was discounted from the face value by 30 percent as defined by the fare structure implemented on July 5, 2010. In addition, this fund accounts for annual audit as well as annual coalition fees for participation in the Clean Cities Program.

The City of Corona became a partner in the Clean Cities Coalition in 1999 and entered into agreement with Western Riverside Council of Governments to administer the Clean Cities Coalition. In the FY 2022 budget process, an operating budget request of \$29,450 was inadvertently missed. Approval of this action will correct the operating budget for this program.

Item c - approve budget adjustments for maintenance CFDs

Six new maintenance CFDs were added to the tax roll after the FY 2022 budget process was completed. Revenue and expenditure budget adjustments as follows are needed to account for FY 2022 activity.

FUND	REVENUE	EXPENDITURES
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CFD 2016-3 Zone 12 Lemon Grove, Fund 235	\$1,910	\$921
CFD 2018-1 Special Tax B - Improvement Area 5, Fund 236	\$ -	\$5,000
CFD 2016-3 Zone 17 Corona Med Ctr, Fund 263	\$17,532	\$2,378
CFD 2016-3 Zone 20 Bedford Market Place, Fund 266	\$11,854	\$1,422
CFD 2016-3 Zone 21 Christopher RN, Fund 267	\$4,690	\$959
CFD 2016-3 Zone 22 N Main Retail, Fund 268	\$5,695	\$972
<b>TOTALS</b>	<b>\$41,681</b>	<b>\$11,652</b>

Item d - appropriate \$35,890 from the Residential Refuse and Recycling Fund 260 and authorize one (1) full-time Recycling and Program Analyst

The Utilities Department (UD) is requesting funding to hire a second full time Recycling and Program Analyst to implement the new program requirements of Senate Bill (SB) 1383. SB 1383 was signed into law in 2016 to be implemented beginning in January 1, 2022. Jurisdictions are responsible for implementing SB 1383 regulations, which includes the following:

- Evaluating the jurisdiction’s readiness and capacity to implement SB 1383, including organics collection, recycling, and edible food recovery capacity.
- Providing organic waste collection to all residents and businesses, which means providing service automatically and not relying on the generator to subscribe.
- Establishing an edible food recovery program that recovers edible food from the waste stream.
- Conducting outreach and education to all affected parties, including generators, haulers, facilities, edible food recovery organizations, and city/county departments
- Procuring recycled organic waste products like compost, mulch, renewable natural gas (RNG), and electricity.
- Inspecting and enforcing compliance with SB 1383; monitor contamination.
- Maintaining accurate and timely records of SB 1383 compliance.

SB1383 authorizes the Department of Resources Recycling and Recovery (CalRecycle) to impose penalties to jurisdiction for non-compliance with SB 1383 requirements. One important component required of jurisdictions to implement SB 1383 is the establishment of an enforcement mechanism incorporating provisions of SB 1383. On November 17, 2021, the Corona City Council approved Ordinance No. 3338 amending Chapter 8.20 of the Corona Municipal Code for the purpose of updating the solid waste and recycling regulations to implement provisions of SB 1383.

Jurisdictions across the State of California have experienced delays with implementation of SB 1383 due to the challenges posed by the COVID-19 Pandemic. On January 18, 2022, City of Corona staff met with CalRecycle staff to review the City’s progress with implementing the various components of SB 1383. The City is currently negotiating an amendment with the current franchise waste hauler, which will be presented to City Council in the weeks to come to ensure all services and requirements of SB 1383 are incorporated. Additionally, the City must address the high number of non-compliant businesses that have not subscribed to mandatory organic waste recycling services and implemented the edible food recovery program for Tier I generators consisting of supermarkets, grocery stores,

food service providers, food distributors, and wholesale food vendors. City staff will be conducting site visits to every Corona business to assess their needs and prescribe the necessary level of services for compliance.

CalRecycle provided the City with additional time to implement all of the requirements of SB 1383 and may forgo assessing penalties if all components are implemented prior to the City's compliance review, which may occur prior to the Fall of 2022. Due to the short timeframe to conduct site visits to all businesses and provide ongoing outreach and education, assist businesses with setting up required services, coordinate record keeping and reporting, as well as enforcement activities, the Utilities Department (UD) is requesting funding to hire a second full time Recycling and Program Analyst to implement the new programs. An appropriation of \$35,890 is being requested from the Refuse and Recycling fund to fund the position through June 30, 2022. Funding for Fiscal Year 2023 will be requested through the regular budget process.

CalRecycle released a non-competitive grant to local jurisdictions to implement SB 1383. The application is due on February 1st and funds will be disbursed in April 2022. The term to spend the funding is two years through April 2024. The City of Corona is submitting a grant application requesting up to \$223,273 in funding, the maximum amount. Funds can be used to cover personnel costs associated with implementation of SB 1383, which will offset the budget for the requested position.

Item e - accept and appropriate grant funding of \$904,613 from the State of California Permanent Local Housing Allocation (PLHA) in the PLHA Grant Fund 410

On July 1, 2020, City Council approved the City of Corona grant application and adopted a resolution for the five-year plan for the State of California PLHA Program. As part of this action, Council also authorized the City Manager to execute the PLHA Agreement. On August 5, 2020, City Council also adopted a revised PLHA resolution to comply with additional requirements from the State. The City's PLHA grant application and five-year plan requested State approval to use the funds to support operation of the planned Harrison Emergency Shelter/Navigation Center.

On October 21, 2020, the State transmitted a notice of award for the City's full grant request of \$582,003 for Year 1. On January 11, 2021, the State transmitted the PLHA Standard Agreement to the City of Corona for execution. The State Standard Agreement confirms that the estimated five-year allocation will not exceed \$3,492,018. While \$582,003 has been allocated for this fiscal year (Year 1 of 5), future years allocations may fluctuate, depending upon statewide revenue generated from recording fees. On February 3, 2021, City Council accepted the funding for Year 1 of this grant and appropriated the revenue to the Homeless Program budget.

On October 6, 2021, Homeless Solutions submitted the City of Corona's application for Year 2 of the PLHA grant. On January 6, 2022, the State transmitted the grant award letter confirming \$904,613 has been awarded to the City of Corona for Year 2.

The Year 1 and Year 2 grants totaling \$1,486,616 will be used to support operation of the planned Harrison Shelter/Navigation Center which is tentatively scheduled to open in mid-2022.



Item f - accept and appropriate grant funding of \$17,000 from the California State Library for the Zip Books grant program in the Library - Other Grants Fund 415

The purpose of the Zip Books program is to provide patrons with speedy access to materials they might not otherwise be able to get through the Library, without the long wait times often associated with interlibrary loan (ILL) requests. It also adds a patron-driven collection development approach to a library's usual process, resulting in a collection more closely matched to the needs of the local community.

The Zip Books program is an alternative model for interlibrary loan service that bridges the gaps between a library's patron request service, a normal acquisitions process, and an outreach/home delivery service. It is based on a project called "Zip Books-Digital Library of Northern California," conducted by the Butte, Shasta, and Humboldt County Libraries under a FY 2011/12 LSTA grant from the California State Library. The Zip Books program is currently supported with California Library Services Act funds from the state of California.

Under the Zip Books program, patrons request books that the Library does not own. The Library then orders the book from Amazon, and the book is shipped directly to the patron's home. When the patron is finished with the book, the book is returned to the Library.

The Library applied for the grant funding on November 3, 2021 and received approval on November 23, 2021. The City first received this grant funding in May 2018. In the past, the State Library contracted for a third-party to monitor the grant and process the Amazon invoices. This is the first time the State Library is giving the funding directly to the Library. The grant period is July 1, 2021 through June 30, 2022.

Item g - approve transfers totaling \$428,000 from the Information Technology Department operating budget to capital improvement projects (CIP) in the Information Technology Fund 681

- \$308,000 to a new CIP titled CIS Update. The CIS system by Advanced Utility Solutions is utilized by the Utility Department as the utility billing and customer system. The current version of the software is based on technology over 20 years old and is two major releases behind the current software version provided by the vendor. The new versions add greater stability, performance, and enhanced features. The Utilities Department has requested the CIS software version be upgraded to take advantage of these enhancements. Due to the extensive input and testing required of the Utilities Customer Service team, the Utilities department has requested the project start in the second half of 2022.
- \$80,000 to a new CIP titled City Hall Datacenter Hardware. The City Hall Datacenter hardware, which supports the City's on-premise server infrastructure, has reached the end of life and support. IT Staff recommended the replacement of this aging infrastructure to decrease the risk of hardware failure and gain support from the hardware vendor. Due to other pressing projects, the City IT staff anticipates not completing the RFP vendor selection process before the Fiscal Year. IT Staff is requesting the funding be placed into a CIP to complete the project in the second half of 2022.
- \$40,000 to a new CIP titled Cisco Wireless Controller. The City's Wireless Controller, which manages the City's wireless network, has reached the end of life and support. City IT Staff recommended the replacement of this aging infrastructure to decrease the risk of hardware

failure and gain support from the hardware vendor. Due to other pressing projects, the City IT staff anticipates not completing the RFP vendor selection process before the Fiscal Year. Staff is requesting the funding be placed into a CIP to complete the project in the second half of 2022.

Item h - appropriations totaling \$5,593,916.42, in various funding sources, for debt service payments in FY 2022 related to the pension obligation bonds

In October 2021, the City issued pension obligation bonds (POBs) to proactively manage the CalPERS unfunded pension liability. The project was originally estimated to be complete before the beginning of FY 2022. Due to a case backlog due to COVID-19, the judicial validation and court approval process took longer than anticipated. As such, the City had to make monthly payments to CalPERS for the unfunded liability until the bonds were issued. With the issuance of the POBs, the first debt service is due in May 2022. Due to the delay in issuance and the monthly payments that had to be processed, additional funding is needed in FY 2022. This is a timing issue only and does not impact the projected savings of \$166 million over the life of the bonds.

The unfunded liability payments were originally budgeted under the salaries-benefits category for FY 2022. Staff is working with the City’s auditors to confirm the accounting details for the POB debt service payments. Based on the auditor’s recommendation, budgetary transfers may need to be processed from the salaries-benefits budget to the operating budget. The transfers will not have an additional impact on the respective fund balances. The additional appropriations are shown by fund in the following table.

Fund	Amount	% of Total
110 General Fund - Budget Balancing Measures Reserve	\$ 4,588,677.21	82.0%
222 Gas Tax Fund	35,691.05	0.6%
245 NPDES Fund	24,973.88	0.4%
260 Residential Refuse/Recycling Fund	5,706.06	0.1%
291 Low Moderate Income Housing Asset Fund	4,164.20	0.1%
431 CDBG Fund	2,582.48	0.0%
567 Reclaimed Water System Fund	21,799.03	0.4%
570 Water Utility Fund	383,517.93	6.9%
572 Water Reclamation Utility Fund	224,168.51	4.0%
577 Transit Services Fund	18,367.73	0.3%
578 Electric Utility Fund	89,373.18	1.6%
680 Warehouse Services Fund	6,731.40	0.1%
681 Information Technology Fund	142,141.74	2.5%
682 Fleet Operations Fund	46,022.02	0.8%
<b>TOTAL</b>	<b>\$ 5,593,916.42</b>	<b>100.0%</b>

Item i - appropriate \$3,785,000 from the Water Reclamation Utility Fund 572 to the WRF 2 MCC Installation Sunkist and Aeration CIP Project no. 7704

The Utilities Department (UD) created capital improvement project (CIP) no. 7704 for the installation of two (2) prefabricated motor control centers (MCC) at Water Reclamation Facility 2 (WRF 2)

located at 650 E. Harrison Street. The proposed prefabricated MCCs will be for the Sunkist Pump Station and for the Aeration Basin located in the Main Control Room.

The design contract for this project was awarded to one of the City’s on-call consultants, Webb & Associates after soliciting request for proposals from two (2) other on-call consultants, Dudek and GHD, Inc. The design is now 60% completed. The design engineering firm has provided probable cost of construction in the amount of \$3,785,000 for the Project.

The existing project budget, originally appropriated in the fiscal year 2021 capital improvement plan, was intended to cover design work only. Since the design portion is 60% complete, the MCCs need to be procured as soon as possible as they have a very long lead time. These MCCs are manufactured by Allen Bradley and are on the UD’s PCC 3400 Exclusive Standard Specifications standardized equipment list. To provide similar equipment as is currently installed at WRF 2 and to allow for storing of similar spare parts and so forth, it is logical and prudent to replace these two MCCs with the same equipment as has been previously installed in other facilities. Royal Industrial Solutions provided the cost for the MCCs below and is an authorized dealer of Allen Bradley products.

The cost for Allen Bradley MCCs are:

Control Room MCC for Aeration	\$213,828.40
Sunkist Pump Station MCC	\$133,283.68
<b>Total Cost</b>	<b>\$347,112.08</b>

WRFs typically have corrosive environments due to chemicals and odors in the air. Installing the MCCs in a controlled environment will prolong their useful life. At the recommendation of the Design engineer, these MCCs should be installed in e-houses. These buildings protect the gear and provide a controlled environment for this essential electrical gear. This improves the equipment performance and longevity. Previously, upgraded MCCs for other processes are installed in such structures and have been working without any issues. The estimated cost of the e-houses is \$ 340,000. The e-houses will be competitively bid during the construction services bidding process.

Total Project Cost:

MCCs Purchase	\$347,112.08
Installation of MCCs, e-houses, system integration and all pertinent electrical work	\$2,261,177.92
Design, Construction and Project Management	\$391,244.00
Contingencies	\$785,466.00
<b>Total Appropriation</b>	<b>\$3,785,000.00</b>

The UD requests an appropriation in the amount of \$3,785,000 from the Water Reclamation Utility fund (572) to the WRF 2 MCC Installation Sunkist and Aeration CIP Project no. 77040572 for the purchase of the MCCs, underground conduit installation, powerhouses purchase and installation, electrical conductor installations, contingencies and project management cost as shown above.

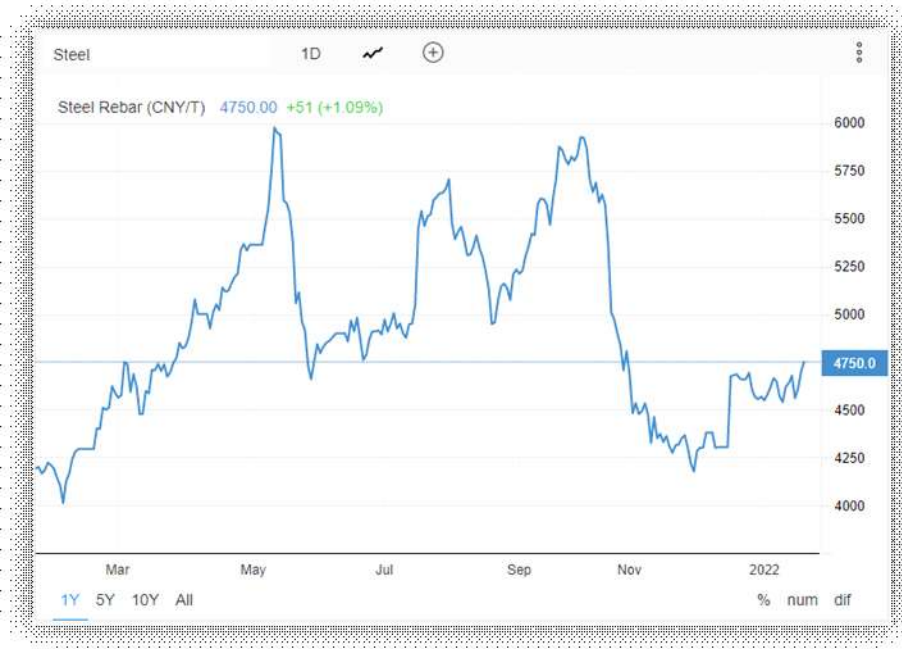
Item j - appropriation of \$250,000 from the Water Reclamation Utility Fund 572 to the Water Reclamation operating budget and change order in the amount of \$250,000 to Aqua Ben Corporation  
On July 7, 2021, City Council awarded the contract to Aqua Ben Corporation for the purchase of polymer chemicals used in wastewater treatment. A purchase order was issued in the amount of \$588,000 for the purchase of cationic polymer used for the gravity belt thickeners, cationic polymer used for the centrifuge, and anionic polymer used for primary treatment at Water Reclamation Facility #1 (WRF1).

An additional \$250,000 is necessary due to the backlog of biosolids inventory in the system requiring the increased use of the centrifuge. Biosolids are hauled from WRF1 and transported to composting sites on a regular basis. However, due to the disruption caused by the COVID-19 pandemic on the transportation industry, our hauling and transportation vendors are unable to meet our needs, causing biosolids to accumulate and remain at WRF1 for a longer period of time. The additional need for polymer chemicals are necessary to continue the treatment of biosolids remaining at WRF1 until they can be transported offsite.

Description	Cost
Original Purchase Order Amount	\$588,000
<b>Additional Amount Needed</b>	<b>\$250,000</b>
<b>Total Amount for Purchase Order</b>	<b>\$838,000</b>

Item k - change orders in the amount of \$100,000 each to C Wells Pipeline Materials, Ferguson Waterworks, and Inland Water Works Supply Co. for pipeline materials, supplies, and equipment  
The Utilities Department (UD) maintains nearly 650 miles of water main, 51 miles of reclaimed water lines and over 400 miles of sewer main. UD operates as a 24-hour, 7-day-a-week service and must be proactive and anticipate any emergencies that may arise. Maintenance of the water and reclaimed water distribution systems, sewer collection system and treatment facilities are a vital service to ensure uninterrupted supply of potable and reclaimed water and treatment of raw sewage.

C Wells Pipeline Material, Ferguson Waterworks, and Inland Water Works Supply Co. are local vendors who provide the sewer and pipeline supplies and equipment necessary for continued operation of the UD's system and facilities. In the current market, both pricing and availability of these items has fluctuated significantly. For example, over the past twelve months, steel rebar has ranged from \$4,011 to \$5,975 per ton. Pricing for ductile iron has increased by 20% since January 2020. These significant pricing fluctuations and supply chain issues have created challenges in sourcing supplies. In order to continue to operate and maintain our systems as required, the department requires an increase to the vendors' purchase orders.



The Purchasing Department is working to develop a policy regarding the purchase of pipeline materials and other supplies that will be presented to Council. This policy is intended to mitigate the challenges associated with suppliers’ regularly changing pricing and part availability. Staff will be required to obtain three quotes from these local vendors for any purchase over \$5,000 for non-emergency parts and materials.

The UD requests an exception to bid pursuant to Corona Municipal Code 3.08.140 (E) “Purpose of Bidding is Otherwise Accomplished” for \$200,000 each through June 30, 2022, to continue to purchase sewer and pipeline materials, supplies and equipment from C Wells Pipeline Materials, Ferguson Waterworks, and Inland Water Works Supply Co. This request will allow the department to continue to operate as required until the new purchasing policy is in place.

<b>C Wells Pipeline Material</b>	<b>Cost</b>
Original Purchase Order Amount	\$100,000
<b>Additional Amount Needed</b>	<b>\$100,000</b>
<b>Total Amount for Purchase Order</b>	<b>\$200,000</b>

<b>Ferguson Waterworks</b>	<b>Cost</b>
Original Purchase Order Amount	\$100,000
<b>Additional Amount Needed</b>	<b>\$100,000</b>
<b>Total Amount for Purchase Order</b>	<b>\$200,000</b>

<b>Inland Water Works Supply Co.</b>	<b>Cost</b>
Original Purchase Order Amount	\$100,000
<b>Additional Amount Needed</b>	<b>\$100,000</b>

<b>Total Amount for Purchase Order</b>	<b>\$200,000</b>
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**FINANCIAL IMPACT:**

Approval of the recommended actions will have fiscal impacts as noted below in the following tables.

<b>GENERAL FUND</b>	
Adopted Budget - FY 2022 Estimated Revenue Over Expenditures	\$ 14,593,660
Less Measure X Reserves	(13,144,418)
Previously Approved/Revised Budget Adjustments (Net)*	(871,350)
<b>Current Estimated Revenue Over Expenditures</b>	<b>577,892</b>
Action a.1 - Economic Development Personnel	(47,585)
Action a.3 - Code Compliance Receivership - Appropriation	(25,000)
Action a.3 - Code Compliance Receivership - Revenue Increase	25,000
Action a.5 - Comm. Svcs. Building Maintenance Repairs	(32,450)
Action a.6 - Comm. Svcs. Library Security Svcs. / Patrol Check-In System	(34,965)
Action a.7 - Comm. Svcs. Park Maintenance	(158,200)
Action a.7 - Comm. Svcs. Park Maintenance (Adjust Measure X)	158,200
<b>Revised Estimated Revenue Over Expenditures</b>	<b>\$ 462,892</b>
Budget Balancing Measures Reserve - Actual 06/30/2021	43,614,486
Section 115 Trust	(30,000,000)
Action h - Pension Obligation Bonds (POB) Debt Service Payments	(4,588,677)
Estimated FY 2022 Change in Budget Balancing Measures Reserve	462,892
<b>Estimated Budget Balancing Measures Reserve - 06/30/22</b>	<b>\$ 9,488,701</b>

\* Approved through Council Action or other operational process.

<b>GENERAL FUND</b>	
Measure X Reserve (Parks & Recreation) Balance	\$ 4,218,321
Comm. Svcs. Park Maintenance Appropriation	(158,200)
<b>Measure X Reserve (Parks &amp; Recreation) Balance - REVISED</b>	<b>\$ 4,060,121</b>

## Governmental Funds - Fund Balance

Action	Fund	07/01/21 Est. Fund Balance	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Fund Balance Impacts	06/30/22 Est. Fund Balance
b	Rideshare-Trip Reduction Fund 224	\$1,178,369	\$18,072	(\$100)	Appropriation (\$29,450)	\$1,166,891
c	CFD 2016-3 Zone 12 Lemon Grove Fund 235	\$0	\$0	\$0	Appropriation (\$921) Revenue Increase \$1,910	\$989
c	CFD 2018-1 Spec Tax B (Bedford) Fund 236	\$2,620	\$126,636	(\$112,930)	Appropriation (\$5,000)	\$11,326
c	CFD 2016-3 Zone 17 Corona Med Ctr Fund 263	\$0	\$0	\$0	Appropriation (\$2,378) Revenue Increase \$17,532	\$15,154
c	CFD 2016-3 Zone 20 Bedford Market Place Fund 266	\$0	\$0	\$0	Appropriation (\$1,422) Revenue Increase \$11,854	\$10,432
c	CFD 2016-3 Zone 21 Christopher Rn Fund 267	\$0	\$0	\$0	Appropriation (\$959) Revenue Increase \$4,690	\$3,731
c	CFD 2016-3 Zone 22 N Main Retail Fund 268	\$0	\$0	\$0	Appropriation (\$972) Revenue Increase \$5,695	\$4,723
d, h	Residential Refuse/Recycling Fund 260	\$19,302	\$11,605,558	(\$11,580,204)	Appropriation d: (\$38,950) h: (\$5,706)	\$0
e	Permanent Local Housing Grant Fund 410	\$0	\$0	\$0	Appropriation (\$904,613) Revenue Increase \$904,613	\$0
f	Library Other Grants Fund 415	\$5,928	\$711	\$0	Appropriation (\$17,000) Revenue Increase \$17,000	\$6,639
h	Gas Tax Fund 222	\$1,911,114	\$4,176,947	(\$4,228,226)	Appropriation (\$35,691)	\$1,824,144
h	Co. Svc. Area 152 NPDES Fund 245	\$202,033	\$1,049,028	(\$1,226,087)	Appropriation (\$24,974)	\$0
h	Low Mod Income Housing Asset Fund 291	\$30,013,254	\$849,353	(\$177,335)	Appropriation (\$4,164)	\$30,681,108
h	CDBG Fund 431	\$731,093	\$1,200,000	(\$1,163,685)	Appropriation (\$2,582)	\$764,826
h	Warehouse Services Fund 680 [Note 1]	(\$174,823)	\$433,228	(\$337,825)	Appropriation (\$6,731)	(\$86,151)
h	Information Technology Fund 681 [Note 1]	(\$5,857,603)	\$12,727,431	(\$12,423,782)	Appropriation (\$142,142)	(\$5,696,096)
h	Fleet Operations Fund 682 [Note 1]	\$1,395,056	\$5,147,407	(\$7,186,121)	Appropriation (\$46,022)	(\$689,680)

Note 1: Projected ending balance due to GASB adjustments (book entries). Will resolve over multiple years.

**Enterprise Funds - Working Capital**

Action	Fund	07/01/21 Est. Working Capital	Budgeted Revenues/Sources	Budgeted Expenditures/Uses	Working Capital Impacts	06/30/22 Est. Working Capital
h	Reclaimed Water Utility Fund 567	\$0	\$5,172,715	(\$4,991,115)	Appropriation (\$21,799)	\$159,801
h	Water Utility Fund 570 [Note 1]	\$4,433,496	\$65,842,262	(\$70,275,758)	Appropriation (\$383,518) Potential Loan \$383,518	\$0
h, i, j	Water Reclamation Utility Fund 572 [Note 1]	\$38,460,751	\$32,893,509	(\$39,840,436)	Appropriation h: (\$224,169) i: (\$3,785,000) j: (\$250,000) Potential Loan (\$383,518)	\$26,871,137
h	Transit Services Fund 577	\$194,354	\$6,313,350	(\$6,253,379)	Appropriation (\$18,368)	\$235,957
h	Electric Utility Fund 578	\$7,280,797	\$16,286,836	(\$16,498,245)	Appropriation (\$89,373)	\$6,980,015

Note 1: Potential loan from Fund 572 to Fund 570 at fiscal-year end, if needed, based on actuals.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject to CEQA. This action is to approve budgetary adjustments for Fiscal Year 2022, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** KIM SITTON, FINANCE DIRECTOR